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MUNICH, GERMANY

June 30, 2006

Via Federal Express

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-00001

RECORDATION NO. 26439 FILED

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SURFACE TRANSPORTATION BOARD



Dear Sir:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code. This document is a Memorandum of Mortgage and Security Agreement, a primary document, dated December 1, 2005.

The names and addresses of the parties to the documents are as follows:

Lender: Wachovia Bank, National Association
Attention: Credit Products Management
484 Mulberry Street
P O Box 6477
Macon, GA 31213

Pledgor: Georgia Southwestern Railroad, Inc.
216 Long Drive
Smithville, GA 31787

A description of the equipment covered by the document is listed below. A fee of \$34 per document is enclosed. Please return the original and extra copies not needed by the Board for recordation to me, Bradley E. Wahl, at the address listed above.

A short summary of the document to appear in the index follows:

1. Memorandum of Mortgage and Security Agreement between Georgia Southwestern Railroad, Inc., as debtor, and Wachovia Bank, National Association, as secured party, dated June 26, 2006, and covering one (1) locomotive described as follows:

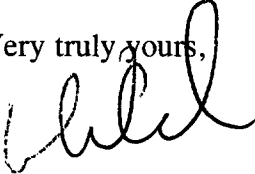
Mr. Vernon A. Williams
June 30, 2006
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- (i) EMD locomotive model SD40-2, with 3,000 h.p. 645-E3 diesel engine, with "road number" GSWR 4002 (f/k/a GSCX 7365), manufactured in 1979".

Please advise me of any other documentation or fees required by responding to:

Bradley E. Wahl, Esq.
Nelson, Mullins Riley & Scarborough, LLP
999 Peachtree Street, NE
Atlanta, Georgia 30309

Thank you for your prompt attention to this matter.

Very truly yours,


Bradley E. Wahl

BEW:
Enclosures

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**MEMORANDUM OF MORTGAGE AND SECURITY AGREEMENT
SURFACE TRANSPORTATION BOARD**

THIS MEMORANDUM OF MORTGAGE AND SECURITY AGREEMENT (the Agreement), dated as of June 26, 2006 between GEORGIA SOUTHWESTERN RAILROAD, INC. (the Borrower) and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association (Bank);

W I T N E S S E T H:

1. Bank has made a loan in the amount of \$375,000 to Borrower, evidenced by a Promissory Note, dated as of even date herewith, in the original principal amount of \$375,000, as amended, modified, supplemented and restated from time to time (the Note).

2. The Note and the Borrower's other Obligations are secured by, among other things, that certain Mortgage and Security Agreement, dated as of even date herewith, between Borrower and Bank (the Security Agreement), on one Locomotive and the related Collateral, as described herein.

3. As used in this Agreement, capitalized terms shall have the following meaning:

Collateral means the following property of Borrower, wherever located and whether now owned by Borrower or hereafter acquired: (a) the Locomotive; (b) all equipment comprising or attached to, or used by Borrower in connection with, the Locomotive; (c) all general intangibles relating to the Locomotive and equipment used in connection therewith, and (d) all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of any of the foregoing (including insurance proceeds payable by reason of loss or damage thereto) in any form and wherever located. Collateral shall include all written or electronically recorded books and records relating to any such Collateral and other rights relating thereto.

Locomotive means the EMD locomotive model SD40-2, with 3,000 h.p. 645-E3 diesel engine, with road number GSWR 4002 (f/k/a GSCX 7365), manufactured in 1979.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the day first written above.

GEORGIA SOUTHWESTERN RAILROAD,
INC.

By: Terry R. Small
Title: PRESIDENT

By: De S 2+
Title: SECRETARY / TREASURER

[SEAL]

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: [Signature]
Title: Vice President

I, Terry Small, certify that I am CEO of GEORGIA SOUTHWESTERN RAILROAD, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct. Executed on June 26, 2006.

BORROWER:

GEORGIA SOUTHWESTERN RAILROAD, INC.

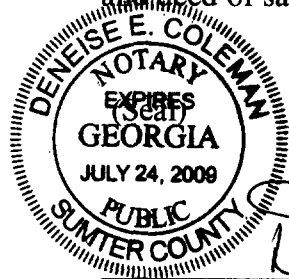
By: Terry R. Small
Title: PRESIDENT

Attest: W. E. St
Title: SECRETARY / TREASURER

State of Georgia

County of Sumter :

On this 26 day of June, 2006 before me personally appeared Terry R. Small and David L. Smoot, to me personally known, who being by me duly sworn, says that they are the Chief Executive Officer and Secretary, respectively of GEORGIA SOUTHWESTERN RAILROAD, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Deneise E. Coleman

Signature of Notary Public

My commission expires July 24, 2009

I, Scott Rossman, certify that I am a Vice President of WACHOVIA BANK, NATIONAL ASSOCIATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct. Executed on June 26, 2006.

BANK:

WACHOVIA BANK, NATIONAL ASSOCIATION

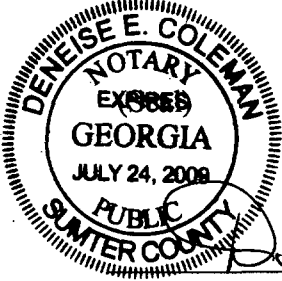
By: 

Title: Vice President

State of Georgia

County of Sumter:

On this 26 day of June, 2006 before me personally appeared Scott Rossman, to me personally known, who being by me duly sworn, says that he is a Vice President of WACHOVIA BANK, NATIONAL ASSOCIATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.




Signature of Notary Public

My commission expires July 24, 2009

LOCOMOTIVES

<u>ROAD NUMBER:</u>	GSCX7365	<u>YEAR MFG:</u>	1979
<u>ENGINE:</u>	645-E3 Diesel	<u>HORSEPOWER:</u>	3000 HP
<u>CONFIGURATION:</u>	Standard	<u>CONDITION:</u>	Excellent
<u>MANUFACTURER:</u>	EMD	<u>POWER:</u>	Diesel Electric
<u>MODEL:</u>	SD40-2	<u>FRA COMPLIANT:</u>	Yes. Blue Cards
<u>AXLE:</u>	6		Signed in Date
<u>DYNAMIC BRAKING:</u>	Equipped	<u>CURRENT AIR DATE:</u>	In Date
<u>TRUCKS:</u>	HT-C	<u>FUEL CAPACITY:</u>	4000 Gallon
<u>MULTIPLE UNITS:</u>	Equipped	<u>PAINT:</u>	Good
<u>BATTERIES:</u>	Good	<u>RESTORATION:</u>	Current
<u>COOLING FAN:</u>	Three	<u>TRACTION MOTORS:</u>	D77's
<u>IMPROVEMENTS:</u>	Current	<u>AUXILIARY GENERATOR:</u>	Equipped
<u>WEIGHT:</u>	386,000	<u>GENERATORS:</u>	AR10
<u>AIR COMPRESSOR:</u>	2-Stage 3 Cyl.	<u>ELECTRICAL CABINETS:</u>	Current
<u>RETROFIT:</u>	Current		
<u>DITCH LIGHTS:</u>	Equipped		
<u>AIR BRAKES:</u>	26L		
<u>JOURNAL BOX:</u>	Roller Bearing		
<u>LINE OF SITE:</u>	Short Nose		